

430186

September 27, 2006

Gerry Bermel  
730 Jefferson Ave. SW  
Eyota, MN 55934

Mr. David Valenstein  
Environmental Program Manager  
1120 Vermont Ave. NW  
Mail Stop 20  
Washington, DC 20590

FRA-2006-26099-593

Dear Mr. Valenstein,

As a citizen of the City of Eyota, MN, which is on the DM&E railroad line, I would like to strongly state my support for the DM&E Railroad upgrade and expansion proposal. I also support the approval of the Federal loan that DM&E has applied for.

I had the opportunity to serve on the traffic and safety sub-committee of the Rochester/Olmsted County DM&E task force. I also served on the committee representing the City of Eyota that negotiated our Community agreement with the DM&E Railroad. During the process of formulating community agreements, I had the opportunity to work with the cities of Lewiston, MN and Kasson, MN for some of their work. I would like to commend the DM&E Railroad and Mr. Kevin Schieffer for their willingness to work cooperatively with the communities affected by the proposed upgrade of their system. They were very courteous and professional during these negotiations and the process worked very well.

As the City of Rochester, the County of Olmsted, and the Mayo Clinic continued their work in opposition to the DM&E proposal, I attended dozens of meetings regarding their positions and responses. This group has never made a good faith effort to negotiate with the DM&E regarding possible mitigation. They have from the start ridiculed DM&E and Mr. Schieffer, treating them like some sort of villains. This has made negotiations virtually impossible from the beginning. The Rochester Coalition group has been responsible for the break down of relationships and negotiations with

October 3, 2006

Joseph Boardman  
Administrator  
Federal Railroad Administration  
1120 Vermont Avenue, NW, Seventh Floor  
Washington, DC 20590

Dear Administrator Boardman:

Dear Harold J. Bisch  
a SD Citizen that has been sincerely  
involved regarding the D.M.S.E.  
Railroad, hence, I am requesting to  
have this letter copy, included with  
the concerned meeting being held  
here today,

Sincerely  
Harold J. Bisch

Sincerely,

Print Name: HAROLD J. BISCH  
Address: 1901 OHIO AVE S.W.  
HURON, SD 57332



Mr. Harold J. Bisch  
1901 Ohio Ave. SW  
Huron, SD 57350-3831

September 18, 2006

Representative Stephanie Herseth  
3311 Cannon House Office Building  
House of Representative  
Washington, DC 20515

Dear Representative Herseth:

I am writing with Sincere Interest and Support for the need of the Dakota-Minnesota & Eastern Railroad. I grew up on a 160 acre farm in South Central Minnesota, 20 miles N.E. of Mankato. I served on a B-29 crew during WW-II. I am a Mankato State University graduate, directing me to a 33 year career with SEARS, including 17 years as Store Manager of the SEARS Store in HURON, SD. After retiring from SEARS, I became the Executive Director of the HURON Chamber of Commerce and Greater Huron Development Corp. My background in the Business Community has made me deeply aware of how important the DM&E Railroad is for Minnesota and South Dakota Farmers and the Business Community. As the Chamber of Commerce and Greater Huron Development Executive, I worked very closely with Senator Larry Pressler, as he worked with the C&NW RR trying to keep the Railroad operating. When the C&NW RR failed, it was Senator Larry Pressler who contacted Railroad Executives to build a new RR Corp. to support Minnesota and South Dakota farmers and the two States Business & Industries. Pete McIntire, a former Vice-President of the C&NW RR was elected President of the new DM&E Corp. The DM&E trains are now hauling needed SD&MN farm crops and other Industries to the Mid-West and East Coast Citizens, Business & Industries. With the extension of the RR to the Wyoming Coal Fields, the DM&E Railroad will provide needed coal for large and needing Industries. Regarding Rochester's concerns, the coal trains will not be switching, they will just roll through (probably hours apart). It is estimated to take about 3 minutes to cross a city intersection. Representative, Herseth, Our 2 States need your active support for this big industry. Incidentally, Kevin Schieffer was Senator Pressler's Chief of Staff and was involved with the railroad dating back to the efforts to save the C&NW Railroad. The DM&E Railroad is of extreme importance for MN. & SD Farmers and The United States many, many INDUSTRIES & the Nation's WELL BEEING.

*Sincerely*  
*Hal Bisch*



Mr. Harold J. Bisch  
1901 Ohio Ave. SW  
Huron, SD 57350-3831

September 18, 2006

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3311 Cannon House Office Building  
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Sincerely,  
Harold J. Bisch

7-26-66

To: David Valenstein  
Environmental Program Manager  
1120 Vermont Ave  
Mail Stop 20  
Washington D.C. 20529

From: Ron Blade  
P.O. Box 57  
Ellsworth, ME 54011

David,

I would like to encourage the Federal Railroad Administration to act very soon to approve the now proposed upgrade and rail line expansion of the Dakota, Minnesota, and Eastern Railroad. This project offers greater opportunities to alleviate America's energy crisis.

The rail lines today cannot keep up with today's demands from the coal fields of the Powder River Basin in Wyoming and, therefore, have greatly increased the costs to ship coal for energy production.

2

This proposed rail line upgrade, will also provide more reliable, and efficient options for other industries and manufacturers. The safety factor of a new and upgraded rail system should also be a positive result.

Please give this issue your utmost attention, it will mean safer rail road deliveries, more jobs, economic growth and assist in lowering energy bills for communities that are affected by the DMS & loans.

I hope that the FRA approves this loan without delay.

Thank you,  
Ron Bladen

Gerard J. Buechel  
1943 265<sup>th</sup> Ave SE  
Sammamish, WA 98075-7969

September 29, 2006

Mr. David Valenstein  
Environmental Program Manager  
Federal Railroad Administration  
1120 Vermont Avenue NW, M/S 20  
Washington, DC 20590

**RE: DAKOTA, MINNESOTA AND EASTERN RAILROAD'S LOAN REQUEST  
FOR THE POWDER RIVER BASIN EXPANSION AND UPGRADE**

Dear Mr. Valenstein:

Shannon & Wilson, Inc. strongly supports the Dakota, Minnesota, and Eastern (DM&E) Railroad's Powder River Basin Project on many levels, and we encourage you to approve their loan for expansion and upgrade.

**Improved Track.** If the plan is approved, DM&E will replace its current track with newer, continuously welded rail, adding state-of-the-art signaling and other safety technologies. For the communities along the line, that means safer and quieter tracks. It also means greater efficiencies and fewer delays not just for the trains, but for motorists because of reduced congestion on the highway caused by truck traffic and at intersections where crossing times will decrease.

**Competitive Options.** Improved track will create competitive options for farmers to move their crops from grain elevators to ports that lead more quickly to the best markets, resulting in lower cost to consumers as well. Only two railroads serve the communities in this area on one shared rail line. As a result, they simply cannot keep up with today's demands—a shortfall that costs energy consumers an estimated \$2.6 billion each year.

**Ethanol Plants.** This railroad expansion and upgrade will help lower our dependence on foreign fuel by facilitating ethanol shipment. The railroad will serve 18 current and planned ethanol plants, which could reach an annual production of over a billion gallons of ethanol by 2010. We need to be ready in order to encourage alternative fuel sources.

Mr. David Valenstein  
Federal Railroad Administration  
September 29, 2006  
Page 2

**Coal Production.** The Federal Railroad Administration's own 4(f) statement on the proposal outlined the need for more rail access to the Powder River Basin area of Wyoming. The cleaner coal from the Powder River Basin may account for up to 42% of the entire nation's coal-generated electricity by 2010.

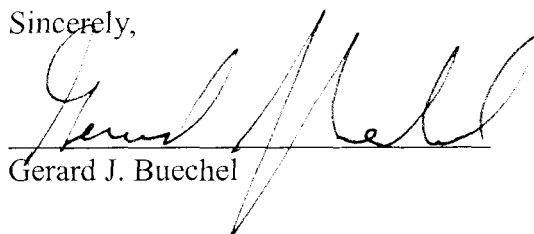
**More Jobs.** While DM&E is helping farmers, lowering energy costs, and expediting shipments throughout the region, the project is expected to create 10,000 new jobs in the upper Midwest directly with the railroad and mines, and through project construction. This momentum will increase by creating spin-off industries, and economic development will increase local tax bases.

**Environmental Responsibility.** DM&E has been a good neighbor, reaching agreements with 55 of the 56 communities affected by the project and offering assistance to landowners with any track-related issues. Not only will the upgraded rail increase safety and decrease noise, the company has agreed to 147 environmental concessions to ensure that the railroad's impacts are properly mitigated.

**Updated Infrastructure and Safety.** Until the Federal Railroad Administration approves the DM&E loan application, communities along the railroad will have to live with 80-year-old tracks and deficient commodity movement. Loan approval will mean improved safety, jobs, economic growth, lower energy bills, and decreased dependence on foreign fuel sources.

We strongly urge approval of DM&E's loan request for expansion and upgrades.

Sincerely,



Gerard J. Buechel



28 September 2006

To:

David Valenstein, environmental program manager  
Federal Railroad Administration  
1120 Vermont Ave., N.W.  
Mail Stop 20  
Washington, D.C. 20590

Dear Mr Valenstein

I am a citizen of the great state of Minnesota having lived here all my life. I am concerned over the DM&E loan pending before the FRA and I feel it necessary to voice my opinion. Let me be clear that I am neither affiliated with DM&E in any way, nor am I affiliated with any coalition that either supports or is in opposition to the FRA loan the overall DM&E project. I am merely a concerned citizen who wants to see the best situation for my state as we go forward in to the 21st century and part of that includes this DM&E expansion project.

I have seen the devastating effects of the last 50 years of railroading in Minnesota resulting in reduced service, reduced reliability, and increased rates which are always passed along to the consumer. Since 1956, there have been no less than twelve mergers and out right bankruptcies leading to liquidation of railroad companies that used to serve Minnesota. My grandfather was a yard switchman for both the Milwaukee Road and the Soo Line and so railroading has always been something close to my life as well as close to the economic vitality of rural Minnesota. I grew up in rural Minnesota having hoed sunflowers, rogued soybeans, and detassled corn in the summers of my junior high years. I have always had a keen awareness between the relationship of the health of our farm economy and reliable railroad service. Sadly, the Milwaukee is long gone and the Soo Line is merely a paper railroad being wholly owned by Canadian Pacific.

The twelve most impacted mergers and bankruptcies which have ceased operations in Minnesota over that time include:

- Chicago, St Paul, Minneapolis and Omaha (The Omaha Road - merged with Chicago Northwestern (CNW) 1956)
- Minneapolis and St Louis (merged with CNW 1960)
- Chicago Great Western (merged with CNW 1968)
- Northern Pacific (became part of BN 1970)
- Great Northern (because part of BN 1970)
- Chicago Burlington and Quincy (became part of BN 1970)
- Chicago Rock Island and Pacific (bankrupt 1975, liquidated 1980 - the largest liquidation in US history)
- Minneapolis, Northfield and Southern (purchased by Soo Line 1982)
- Chicago, Milwaukee, St Paul and Pacific (Milwaukee Road) (bankrupt 1978, purchased by Soo Line 1986)
- Soo Line (purchased by Canadian Pacific 1990)
- Wisconsin Central (purchased by Canadian National ~2000)
- Chicago Northwestern (merged with Union Pacific 1995)
- Dakota Rail (bankrupt 2001, liquidated 2002)

While it is true that during the first 100 years of railroading in Minnesota, the state was overbuilt with railroads and many of the mergers removed redundant service, there are several mergers that never made sense, including UPs purchase of CNW, Soo Line's purchase of the Milwaukee and CNs purchase of Wisconsin Central. The Rock Island did not duplicate any services of its competitors and had well built rails in Minnesota and still The Rock was liquidated. Today, due to the several mergers and bankruptcies that have occurred to railroads that operated in Minnesota, our railroad infrastructure is now underbuilt and we are in need of expanded rail service to meet the market challenges of the 21st century. We have several Class II and Class III railroads, but they struggle to keep up with demand and can't handle the volume or demand our state is experiencing. This is where DM&E comes in and how important to Minnesota it is that DM&E receive the \$2.5 billion loan to get the project moving forward. The DM&E has succeeded where The Milwaukee, CNW and the Rock Island failed by offering the best service possible to their customers, spending money on infrastructure and offering solidly reliable service all with a management team committed to the success of the company. CNW, Milwaukee Road, and Rock Island all failed because they thought merger was the only way to survive. Prior to The Staggers Act, that certainly seemed the case. But DM&E has delivered and succeeded where the predecessor road - CNW - never would have imagined. And the DM&E still survives where CNW never thought possible 20 years ago while the CNW was merged out of existence. This is a testament to how well run DM&E is.

The bottom line is that we here in Minnesota are in dire need of this project. The Class I's that now serve Minnesota care more about their west coast operations where the big dollars are over shipping ag products in and out of Minnesota.

DM&E is primarily a Granger railroad, but can be some much more with this project. Our utilities are bound by the captive shipping when it comes to coal hauling and several Wisconsin utilities are sounding alarm bells because even the coal service offered by BNSF and UP is becoming less reliable. DM&E couldn't be better positioned to step in and fill the necessary gaps left by the Big 4 Class I's - BSNF, CP, CN, and UP. This loan has so many downstream benefits for Minnesota and the upper midwest that I don't even have time to list them all here. Regardless of the safety issues and financial issues raised by the opponents of the DM&E project, I think these will be mitigate over time after the completion of the project. Speaking of safety, if you look at the FRA own stats on crossing fatalities in Minnesota, you would find that DM&E has had fewer fatalities at its crossing than either UP or BNSF. This is true even though both BNSF and UP have better rail infrastructure and better technology than DM&E. Sometimes safety issues need to be put in proper perspective and I don't think the DM&E opponents have been truthful in their analysis of DM&E safety issues. Every railroad has safety issues, but it is my firm belief that DM&E will become even safer through this project. It will give DM&E the opportunity to expand smartly and increase safety measures with new technologies and vastly improved infrastructure.

There is no reason the FRA should deny this loan to the DM&E. DM&E has demonstrated its purpose and necessity to our state and our region and the time has come to give something back to those who have stuck with DM&E over the last 20 years. Therefore, I strongly urge you to give FRA consent for this loan and for the project to go forward.

I would be glad to hear from you to discuss this matter if you so desire. You can contact me at any of the methods listed at the end of this letter.

Thank you for your time.

Sincerely,

A handwritten signature in black ink that reads "Patrick J. Dempsey". The signature is written in a cursive, flowing style with a large, prominent "P" and "D".

Patrick J Dempsey  
501 Cascade Drive  
Chaska, MN 55318  
651-208-9131  
patr1ck\_dempsey@yahoo.com

October 3, 2006

David Valenstein  
Environmental Program Manager  
Federal Railroad Administration  
1120 Vermont Avenue, N.W., Mail Stop 20  
Washington, DC 20590

Dear Mr. Valenstein:

I am writing in support of the pending RRIF loan application of the Dakota, Minnesota & Eastern Railroad ("DM&E") for its upgrade project to reach coal mines in Wyoming. By way of full disclosure, Brian Donahoe is an attorney and one of his major clients is DM&E. However, we are writing this letter as a family in our personal capacities.

The DM&E project has our family's full and enthusiastic support. Rarely does a loan from a government entity provide so much benefit to the general public from a private business expansion. In addition to the unique opportunity to create jobs and diversify our regional economy, this historic project provides substantial environmental benefits and will move the nation closer to its energy goals. It will benefit all consumers by reducing the cost of generating electricity and providing more price stability. FRA and STB have identified the environmental issues and DM&E has accepted mitigation above and beyond what many other projects have required. This is a great project with incredible benefits - both environmental and economic.

This country needs a railroad renaissance. Too many trucks and other inefficient transportation modes are being used, and they deplete natural resources and add to air emissions. We believe that as a general matter, railroad improvement and expansion projects should be encouraged and fostered by appropriate means where the environmental balance favors expansion. The DM&E project is such a case. And it just makes too much sense to be left without support needed to get going as soon as possible.

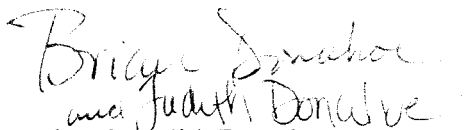
The upgrade will extend rail lines into Wyoming's Powder River Basin -- an area rich with low-sulfur, clean-burning coal. As you likely know, the U.S. has been called the "Saudi Arabia of coal." The need for coal as a fuel source will continue to grow in the coming decades, and current rail capacity cannot meet existing demand. No amount of improvements at the current mine service rail lines can ever make up for the advantages a more direct and more efficient DM&E line can provide. It does no good to have vast coal resources if we do not utilize them and efficiently transport that coal where it is needed. Getting it to power plants with less diesel locomotive miles traveled will benefit us all. There can be no question that this project is beneficial to our nation and beyond.

A rebuilt DM&E line will also create new markets for agricultural products. Those of us who deal with agriculture daily know the power of market access. The rehabilitated line will also mean direct benefits in the form of more efficient and reliable transportation of commodities and value-added products like ethanol from the 18 current and planned ethanol plants on the line. This adds up to jobs and direct economic growth to rural areas and communities across the upper Midwest.

The railroad will likewise give other industries, such as manufacturers along the line, a more reliable and efficient way to ship their goods. In today's global economy, having access to Class I rail service is a matter of competitive survival for many of our small manufacturers. Even having options for market access can mean a significant difference to our businesses, given the distances and isolation in the region. Enclosed is a copy of an article from today's New York Times relating the personal angst and concern faced by a generation of farmers on the prairies who wonder what will become of their children and a whole way of life. The vast depopulation of areas in the region can only be countered with viable local economies. While we don't pretend that the DM&E project will solve every problem faced in the region, it is a huge step – make that leap - in the right direction

All told, the project is expected to create 10,000 new jobs in the region directly with the railroad, at the mines and through the project's construction. The ripple effect on spin-off industries and other economic development will multiply job creation and local tax bases. In this part of the country, that may mean the difference between a town remaining viable or shrinking into oblivion. It has been a project delayed far too long given its tremendous benefits. We urge the Federal Railroad Administration to approve DM&E's loan request immediately so that this project can meet critical construction timelines.

Thank you,

  
Brian & Judith Donahoe  
25669 479<sup>th</sup> Ave.  
Garretson, SD 57030

October 2, 2006

AMERICAN ALBUM

## A Farmer Fears His Way of Life Has Dwindled Down to a Final Generation

By CHARLIE LeDUFF

LEBANON, Kan. — The heart of the heartland, the exact geographic middle of the continental United States, is owned by a middle-aged Kansas man named Randall Warner. He exports wheat, beef and soon his second grown son to the city. He stands in his boots in his field and wonders what's become of his way of life.

"I drive through the city and I wonder what all those people do for a living," says Mr. Warner, a sturdy, square-faced man. "I see that, and it makes me sad that my children see it too and think that there is something better there for them."

Lebanon, the nearby town where Mr. Warner learned to read and write, has lost nearly 25 percent of its population over the last 15 years.

Large corporate farmers are taking over. Mr. Warner doesn't understand the ins and outs of the international trade policies and government subsidies that are changing the landscape, only that to make it nowadays "you work harder — sunup past sundown."

Next year, Mr. Warner believes, there will be even fewer farmers here, in part because of fuel costs.

And he wonders what will become of his legacy and his land.

His son Travis, 18, wants to know more people besides his dad and the salesman at the John Deere dealership. The nearest pretty girl is 20 miles away.

He wonders if there isn't something better than stumbling out to the fields with sleep still in your eyes and working past midnight. The summer air here is as stifling as corduroy drapes. Travis hasn't spoken about this to his father, but his father suspects it just the same.

Travis is a state wrestling and hog breeding champion. He is going off to college soon and doesn't know if he'll ever come back. His brother, Dustin, left for good. "I like to work with people, I guess," Travis says. "Be around people. And we come out here every day. It's Dad and myself; that's not

working with people.”

He says this while sitting in the cab of his blue pickup, a dirty older model, eating the sandwich his mother made him.

His father is far off in the field, unable to hear the gloomy truth of the matter.

“I told my dad he could retire and cash-rent the land to the big farmer, but then what’s he going to do with his time? This is all he knows. Come out here and work daylight to dark.

“I don’t want that.”

The father says he would have to hire an old hand from down the road to help him work his 3,000 acres. He’ll have to do that and, if that doesn’t work, then start selling off the farm in pieces to the big farmer down the way.

This is how a town like Lebanon dies. The old Lebanon bank has caved in. Main Street is a peeling veneer. It’s a common scene across the Great Plains. People are losing their optimism.

Everything about Mr. Warner speaks of work. At 52, he stands erect, with skin as weathered as cattle hide. He is frugal, does not smoke or drink coffee or liquor. His home is average, a stolid two-story ranch at the edge of a wheat field with a barn outside the door. He is hardly ever home, mostly to eat and sleep, taking a half-day off for church. His wife, Linda, complains about the isolation. Is it too much to stop home while supper’s warm? Or go to town occasionally to see a motion picture? His wife talks of throwing it in sometimes too.

“My whole life is wrapped up in this,” Mr. Warner says while baling hay. “To tell you the truth, it can get a little monotonous. I’ve had four vacations my whole life.”

Still, it is a good life, he says. “The best kind of life there is.”

No political party seems to care much about the working man’s life, Mr. Warner feels. Stick a Republican and a Democrat in a sack, shake it up, pour it out, and the same rapacious thing crawls out. Creatures from a smoke-filled room.

Mr. Warner, a Pentecostal Christian, believes in miracles. He believes in speaking in tongues. He believes that abortion is taking a life and that gay marriage is an abomination. So he voted Republican.

What crumbs do the Democrats offer him? Two men in tuxedos on the steps of City Hall with a marriage license in hand? Handouts for those who won’t work? Mr. Warner says he could be peeled

away from the conservatives if the liberals would talk to him about his values:

“God. Family. Work,” he counts them on his fingertips and adds them up. “Heritage.”

Do something to stop the corporate takeover of farm country. Give his son a reason to stay and you could have his vote. “F.D.R. was the greatest president this country ever had,” Mr. Warner says. “He provided security for the farmer.”

Father and son have moved on to spraying fly repellent on the cattle. The sun is going low, the sky is growing golden. The father’s gotten to thinking. The boy will soon go away to college.

His voice shows no trace of his natural confidence.

“Do you think you’ll come back to rural America? And farm? Raise cattle? Raise pigs?”

He talks obliquely, toward his son.

The son mumbles. “Depends if I find something better in the next couple years.”

“What could be better?” the father asks. “What could be better than life on the Great Plains where the wind blows and you catch fresh air every day?”

“That’s what I’m going to look for,” the boy says.

The boy turns his back. He returns to his work. The father watches after him.

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September 27, 2006

Dear Mr. Valenstein,

This mailing is my comment on the DM&E expansion project as it relates to the appropriation of \$2.3 billion pursuant to the FRA comment period.

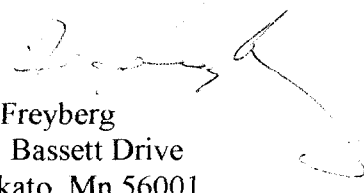
Enclosed is an actual copy of an article that I wrote for the Connect Magazine and proof of its authentication. This serves, in part, my comment.

My comments are not against the project as the DM&E has satisfied the requirements set forth by the STB and countless EIS reports. However, my comments relate to the disbursement of the funding mechanism. I am a small businessman and a past City Councilor for the City of Mankato, Mn.. Since my time on the Council, I have studied the coal market and most of the other markets that feed the rail system, rather extensively. The problem that I see is how on earth will the DM&E, at full capacity, retire the debt of \$2.3 billion dollars?

Ten years ago, I applied for an SBA loan. The loan application took 18 months to complete. It sits on my desk, as a reminder, that never again will I seek such funding. The amount of the loan was \$200,000. It took 18 months to finish all of the requirements and in the end I was told, "Bob you need to prove that the project works with out this loan". That being said, I was required to also purchase life insurance in the amount of the face value of the loan, not only for me, but for each of my partners, such that if one of us would die ... the loan would be satisfied. My question is this ... what reimbursement mechanism is in place to protect the face value of the \$2.3 billion dollars if the DM&E does not demonstrate the fiscal prudence to retire this new debt? Obviously, any federally insured bank or the SBA would require more than the value of the DM&E which is horribly over leveraged already without the additional \$2.3 billion.

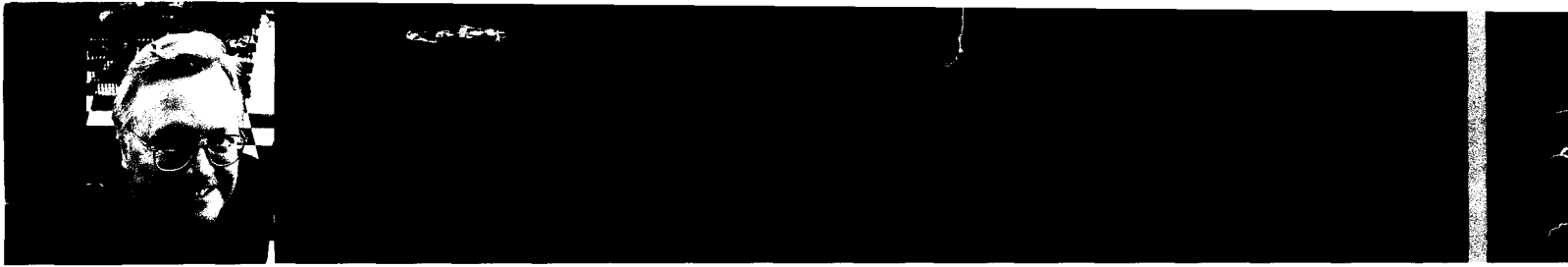
These are my comments. I have nothing against the project as long as this small corporation is treated the same as mine. Anything else would seem to be an indictment on the principles upon which Federal agencies were founded.

Sincerely,



Bob Freyberg  
1771 Bassett Drive  
Mankato, Mn 56001





**E**ight years ago while serving on the Mankato City Council, I was told that between five and seven additional DM&E coal trains per day would travel through Mankato to serve the energy needs of states east of the Mississippi River. Eventually, that number grew to 15 and then to 35 coal trains daily, plus trains carrying beans and corn and other agricultural commodities to market.

Communities began to panic. Under the encouragement of the railroad and the federal government, communities formed partnerships with the railroad. They would commit to spending their own tax dollars in conjunction with railroad dollars to fix up the railroad corridor and improve upon its safety. This ultimately would lessen the railroad's, and supposedly the various communities', liability.

The plan is a brilliant one. DM&E demonstrates national societal responsibility and need, demonstrates the means, and secures funding for capital improvements, cash flow, and competitive advantage from federal tax dollars. It gets better. With the potential loan of \$2.5 billion (if granted), state and local governments up and down the corridor will be forced to invest additional state and local tax dollars to improve the railroad's property too. After all, a safer corridor is a faster corridor whether it is a highway, subway or railway. It is simply amazing to me that one level of government could make a decision that will penalize and deprive another level's financial integrity—all for the gain of one small corporation. You and I will pay for this project far more than the energy customer east of the Mississippi.

The railroad president is a very intelligent man and is doing nothing underhanded. He is masterfully using, and not manipulating, a system we've allowed to evolve without the

proper checks and balances. So what else has evolved?

The demand for high sulfur coal has increased dramatically with the advent of efficient stack "scrubbers" that allow utilities to burn cheaper high sulfur coal while meeting emission and environmental standards. High sulfur coal generates more BTU's per ton than low sulfur coal, such as that mined from the Powder River Basin in Wyoming. According to the Wall Street Journal, 30 percent of Eastern utilities now burn high sulfur coal and within five years up to 60 percent of them will have spent billions of dollars installing the new scrubbers. They will burn the more cost effective high sulfur coal that is mined in states nearer them. In other words, they won't require the services of DM&E.


In fact, large energy users have recently contracted for 15 years with high sulfur coal-provider Consol Energy Inc. The state of Illinois, for instance, has three new mines expected to open this year having an annual capacity of 9 million tons of high sulfur coal. Peabody is building a \$2 billion, 1,500-megawatt power plant powered by Illinois coal. Illinois is also lobbying for a federal research project known as Future Gen, which would be a coal-burning, emission-free power plant that could be the prototype non-polluting power plant of the future—and burning Illinois high-sulfur coal. In other words, high-sulfur coal companies, due to recent technological advances, are alive and well and have a bright future.

Another change in the market is the transportation of grain. Southern Minnesota is rich in soybeans, soybean processing plants, corn and ethanol plants. With the growing demand for E85 fuels and soybean processing, Southern Minnesota will see a dramatic increase of direct movement of grain from the

farm to the processor without the dependence on rail transportation to distant markets. Eight to ten years ago when we first learned of this railroad's expansion, grain movement to Chicago and other terminals was of significant interest. But now we have an energy crisis with no end in sight and a nation bent on developing alternatives. So grain movement has changed.

Lastly, changes have occurred in the dynamics of the Powder River Basin (PRB) rail connections. In May 2006, the UP and the BNSF railroads announced a \$100 million joint rail line expansion. Scheduled to be finished right about now, this 75-mile expansion will conclude a \$200 million, rail-corridor upgrade. With this expansion, it will be possible to ship 400 million tons of coal annually. If operating around the clock, the PRB's thirty or so mines could load up to 100 coal trains of 125-150 car capacity each day. What puzzles me is this: Will the demand for low sulfur coal shipped eastward by DM&E be sufficient to allow DM&E to access 30 percent of the current shipping capacity of the PRB? Will the UP and BNSF competitive virtues allow for these logistics considering their sizable investment to move coal West and South out of the PRB?

If DM&E is shipping only five coal trains per day, for instance, should the federal government be loaning them \$2.5 billion? For only five coal trains a day, should communities be scurrying to pay for improvements to the railroad corridor?

Wouldn't it be ironic—even with a \$2.5 billion federal loan—if this project fails woefully because of changing market conditions over the ten-year period it took to put the project together? 

*[Bob Freyberg served on the Mankato City Council from 1998-2003. He co-owns Mankato Oil & Tire.]*

September 2006

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October 6, 2006

Mr. David Valenstein  
Federal Railroad Administration  
1120 Vermont Avenue NW  
Mail Stop 20  
Washington, D.C. 20590

RE: DM&E Railroad

Dear Mr. Valenstein:

As you have heard from thousands of individuals from the Midwest and far beyond, there are many compelling reasons to support the Dakota, Minnesota & Eastern Railroad (DM&E) upgrade and rehabilitation project. The reasons to back the project range from improved rail safety, to economic development and jobs creation, to enhanced access to markets for agricultural, industrial and manufacturing shippers, to providing relief from additional—and far less fuel-efficient—truck traffic, to reducing our nation's dependence on foreign energy sources, to addressing a specific and critical rail capacity bottleneck and relieving pressure on our national rail system. All are positive and each on its own would provide sufficient benefit to warrant advancement of the project. There are many benefits for taking action and approving the DM&E's project.

There are also serious risks associated with inaction. The risks of inaction include significantly higher costs for power, electricity reliability and power generation reductions, a growing reliance on foreign energy sources, and the continuing risks related to the operation of an antiquated rail system.

Over the last 12 months this nation has faced a number of critical energy supply issues. Last winter numerous power plants experienced record low coal stockpiles and for one reason—the existing rail infrastructure could not meet the demand for Powder River Basin (PRB) low-sulfur coal. We are only fortunate that the winter was not colder. For those plants that could convert to natural gas and were able to do so, the electric industry estimates that the additional cost for fuel totaled \$2.6 billion. That's a cost that was passed directly to the electric consumer. Industry projections show that the supply will not meet demand by 20 millions tons in 2006. The \$2.6 billion cost is an annual cost for failing to address the rail problem. And, that increase is in addition to the increased rates utilities are paying for the cost of transporting the coal they receive. This year, train freight rate increases from 50-93% were experienced for facilities in the Midwest, adding billions more to the consumers' cost of power.

Price volatility and dependence on foreign energy supplies again reared their heads in 2006 impacting our economy on virtually every level. And, again, from every corner of the nation there were resounding calls to reduce that dependence. There is a clear

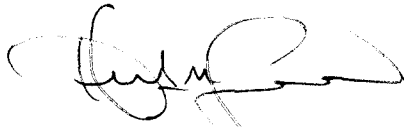
understanding across the country that our nation's security is threatened when we must rely on others to power our economy and our homes.

In the *May 2001 National Energy Policy* one rail infrastructure problem was elaborated on—one. It was the rail capacity problem plaguing the PRB. As the report said, “Demand for clean coal is expected to increase because of its environmental benefits. However, rail capacity problems in the Powder River Basin have created a bottleneck in the coal transportation system...There is a need to eliminate bottlenecks in the coal transportation system.” Five years later, a solution is available to a problem that is getting worse. A problem that is costing electric consumers over \$4 billion per year in higher transportation and replacement fuel costs. On top of that, utilities were forced to reduce power generation as coal supplies dwindled last winter and stockpiles shrunk.

The improved safety of the rail system was a primary purpose for the project from its inception. The risk of inaction is in higher derailment rates and the associated damage to people and property. The federal experts who have evaluated the project have agreed that safety will be improved when the project is completed.

For the many positive reasons you have heard and for the substantial risks associated with inaction, I urge you to approve the DM&E's project and do so as expeditiously as possible.

Sincerely,

A handwritten signature in black ink, appearing to read 'Herb M. Jones', with a long horizontal flourish extending to the right.

Herb M. Jones  
DM&E Employee  
1308 S. Lindenwald Drive  
Sioux Falls. SD 57106

October 6, 2006

Mr. David Valenstein  
Federal Railroad Administration  
1120 Vermont Avenue, NW  
Mail Stop 20  
Washington, DC 20590

Dear Mr. Valenstein:

I urge you to approve the 4(f) environmental review of the Dakota, Minnesota & Eastern (DM&E) Railroad's Railroad Rehabilitation and Improvement Finance loan. At stake are issues of incredible benefit – and consequence – for the nation.

The first is that of strengthening rural economies. As a lifelong South Dakotan, I can attest to the impact this project will have on rural economies in the region. The challenges facing rural America are great. Small towns are struggling to turn the tide on declining populations—an outcome driven by declining opportunities for the young.

The DM&E's \$6 billion rail upgrade project would help reverse this trend. By way of comparison, the largest announced private investment in the history of the state of South Dakota will be the construction of a power generation plant at approximately \$1.2 billion. Clearly, the DM&E upgrade project would have a profound effect on small communities that otherwise could only dream of this kind of investment.

Transportation access has been for decades and continues to be one of those key factors. The DM&E rail upgrade would transform a successful regional railroad into a safer, more efficient, state-of-the-art railroad. That transformation will provide better service to existing shippers. For the agriculture shippers and the producers they serve, it will mean more efficient connections and an improved basis on the crops they grow. Renewable fuels, and in particular, ethanol, have been an incredible success story for this part of the country. DM&E is located in the heart of much of this production area. Projections show that over one billion gallons of ethanol will be produced annually in the coming three years. Access to safe rail transportation will be essential to ensuring this product can reach the demand in more urban areas.

The improved line will also open up possibilities for these communities to attract new businesses. These new businesses can help diversify the economy, allowing it to evolve with changes that will continue with external economic forces.

Today's manufacturers and processors also are highly susceptible to cost factors and advantages created by transportation. Manufacturers large and small in the upper Midwest are learning how to adapt to stay competitive in the global marketplace. The

geographic spread of today's supply chains makes access to efficient and reliable transportation all the more critical.

The DM&E would also have a direct impact on rural economies as a result of the value it would add to production agriculture. The US Department of Agriculture has estimated up to a \$.20 per bushel increase on the basis for corn and other grains. The railroad anticipates an ability to grow grain origination by up to 50%, from 200 million bushels a year to 300 million bushels a year with this project. This will allow our producers and the shippers to be more competitive and add to their bottom line.

The second national objective is creating greater energy independence. President Bush's National Energy Policy Report singled-out the need to relieve transportation bottlenecks in the Powder River Basin as a way of improving domestic energy stores. The DM&E project would be a direct outcome—proof of action—on fulfilling that policy. The DM&E's proposed line would create greater energy security as well. The two carriers in the PRB today do a good job of serving the area. However, demand and the fact that they operate on a shared line at the mines, leaves us vulnerable to meeting supply needs—particularly in times of natural disasters. DM&E would protect utilities, the mines and ultimately the consumers from price spikes caused by today's vulnerabilities.

The third objective this project would help the nation meet is relieving transportation capacity. As you are aware, this Administration announced its National Strategy to Reduce Congestion on America's Transportation Network, noting that congestion is costing America an estimated \$200 billion a year. The DM&E project would add 100 million tons of transportation capacity to the national rail network, relieving congestion directly in the PRB, while also helping alleviate downstream congestion delays related to other commodities and intermodal traffic. DM&E's project, as a result, would help relieve growing strains on the highways of this region and beyond.

A fourth objective that the project meets is that of safety. The DM&E has been able to increase capital investment in recent years, replacing 80 year-old track with higher quality welded rail. Yet, more needs to be done. And true to the original application, the project would improve safety by replacing worn and aging track with heavy gauge welded rail and by adding state-of-the-art signaling, safety and operational equipment to allow the employees that work on this line to do an even better job than they do today.

The support for this project is overwhelming – not just in number but in the intensity of the support. Over 100 organizations representing over one million people have backed this project. The diversity of that support includes farm organizations, business interests, energy groups, and communities. In terms of philosophy, the support varies as well – as demonstrated by the support of the American Farm Bureau Federation and the National Farmers Union. Yet, they share this in common: they see the need for more competition and added transportation capacity that would result from this expansion and upgrade.

They support more than the project itself. They also support the loan request because it meets the policy objectives of the RRIF program while protecting the taxpayers. The

FRA has nearly three decades of experience in administering similar loans, including two that were used to build the two existing lines that serve the PRB today. The rigorous due diligence process, collateral, credit risk premium, and interest and payback requirements will hold this to be true should you approve this loan.

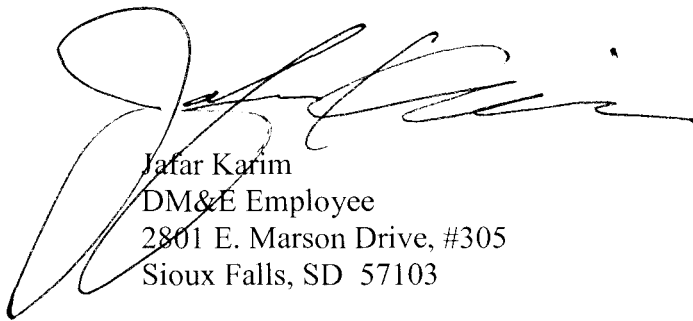
As you know, the DM&E has been through a rigorous, eight-year approval process involving the Surface Transportation Board, five cooperating federal agencies, as well as state and local governments. The plan has been thoroughly studied and mitigation has been ordered. The DM&E has struck community partnership agreements with 55 of the 56 communities on the line in a cooperative fashion, ensuring those communities' interests in safety and quality of life are addressed.

In fact, it has been the delays in this process that in part pointed the DM&E toward the RRIF program as a means of breaking the Catch-22 cycle among regulatory, financing and marketing certainty.

With all of this in mind, I urge you to issue the Record of Decision on the 4(f) review and promptly approve this loan request. Doing so will allow this Administration to meet the important national policy objectives of strengthening rural economies, improving energy independence, relieving transportation congestion and improving public safety. We simply cannot afford to miss this opportunity.

I thank you for your consideration of this important project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jafar Karim', is written over the typed name and address. The signature is fluid and cursive, with a large initial 'J'.

Jafar Karim  
DM&E Employee  
2801 E. Marson Drive, #305  
Sioux Falls, SD 57103

Anne Kiernan  
3704 S Terry Ave #203  
Sioux Falls, SD 57106

September 22, 2006

Mr. David Valenstein  
Environmental Program Manager  
1120 Vermont Ave NW Mail Stop 20  
Washington, DC 20590

Mr. Valenstein:

I am writing on behalf of the FRA loan being requested by the Dakota, Minnesota, and Eastern Railroad Powder River Basin project.

I feel that this is an important project in that the coal is being utilized by consumers back East and that if this coal was hauled by trucks there would be many more trucks on the road just to compensate for the tonnage hauled by trains. I have also read several articles that the Burlington Northern and the Union Pacific are unable to keep up with the coal haulage. With a third railroad hauling the coal, there would be more coal available sooner.

With the upgrade of the train tracks for this mission, the safety of the residents along the track and within the area of the tracks would be better. Would it not be safer to have fewer vehicles hauling product on the road. The more trucks out there the more chance there is of accidents. What type of problem is being incurred with the environment by having more trucks on the road?

How are farmers, ranchers, and other producers moving their large quantity of products? If it is by truck, they are using far more vehicles than they would if they used the trains. The trains have been around for a long time because of the farmers, ranchers, and other producers. Wouldn't it be more productive for them to use trains than more and more trucks.

Many people are comparing the safety record of the DM&E with old tracks that were inherited by the company. With the newer tracks what is the safety record? Has anyone checked into where the company has new tracks what the safety record is? Has anyone compared the Burlington Northern and Union Pacific safety record hauling coal? What type of communities do they go through.

I have been to the Mayo Clinic several times in the past few years and not once did I encounter a problem with the DM&E trains. It wasn't that I was there for just a pass through, I had to stay for quite a while. I was in and out of several areas of Rochester and



the supposed annoyance that people are complaining about is really way out of proportion.

Many of the areas along the railroad have provided jobs for people. What would these people do without the railroad? It could be more of a burden for the government but instead the railroad is providing ample opportunity for people to be employed at better than minimum wage.

Please take this letter and enthusiastic support for the Dakota, Minnesota, and Eastern Railroad to be able to upgrade their rail lines and provide a better economy for the communities along the tracks.

Sincerely,

A handwritten signature in cursive script, appearing to read "Anne Kiernan", written in dark ink.

Anne Kiernan

**Marvin Lenz**

Marvin Lenz  
10586 200th St.  
Spring Valley, MN 55975

October 4, 2006

Mr. David Valenstein  
Environmental Program Manager  
1120 Vermont Avenue, N. W.  
Mail Stop 20  
Washington, DC 20590

Dear Mr. Valenstein:

I am a crop and cattle farmer working the same land since about 1955. The Great Western Railroad ran just to the East of my farm years ago. It did us no harm and was economically beneficial to the communities of Ostrander and Spring Valley, hauling not only grain but people as well.

My concern today has to do with the ongoing battle between the City of Rochester (read Mayo Clinic) and the DM&E.

Please add my name to your list of people in favor of the DM&E Railroad improvements and expansion.

As far as the claims that coal dust will envelop Rochester, it is a bunch of nonsense. I recently waited for a coal train to pass in front of our pickup in Perham, Minnesota--there was NO dust. Yes there have been problems caused by the dust close to the mines. It was so bad that some roadbed softened. Measures have been taken to alleviate that in the affected area, but there is not a coal dust problem after the loads have traveled this far.

The welded rail that DM&E proposes to install will go a long way to eliminate any objectionable vibration to the areas adjacent to the track. Noise is also substantially reduced from that currently produced by trains negotiating the current rail bed.

The railroad already owns the land and should be able to upgrade it without it becoming a political football.

The last I knew the majority of the electricity consumed by the City of Rochester, including the Mayo Clinic is produced by burning coal by Rochester Public Utilities. Don't you suppose that the freight rates on the incoming coal might be reduced by the presence of a high quality rail line to Rochester?

All the negative publicity has overshadowed the positive impact of the improved rail line. Some time ago, it was in the press that there was a large yard and maintenance facility proposed for somewhere between Eyota and Lewiston. I didn't hear complaints from people in that area! Maybe that is because it will create JOBS for people. Lately, there has been absolutely no mention of this. Has the DM&E wisely moved this planned facility out of the Rochester trade area? I wouldn't blame them a bit if they did as direct result of all the friction that has been caused by the Rochester/Mayo interests. It is a shame that the Rochester fight affects the common working people in the surrounding area.

I understand by Mr. Schieffer's commentary that all the other affected communities along the way have reached agreements that are satisfactory to both parties. There must be some open-minded discussions in order to reach a reasonable conclusion, but it appears that the minds in Rochester are made up.

October 4, 2006

The electricity that powers my farm is purchased from Tri-County Electric Cooperative, generated by the coal burning generator in Alma, WI. The freight rate on this coal has doubled in the past year! This is not news to you, since you are well informed, but it hits me in the wallet. This coal comes by rail on one of the other two lines to a port further south on the Mississippi river, is offloaded to barges and pushed upstream! What a waste--lets have a high quality direct route via the DM&E.

Sincerely,

A handwritten signature in dark ink, appearing to read "Marvin Lenz", with a long horizontal flourish extending to the right.

Marvin Lenz

Oct. 10, 2006

Mr. David Valenstein  
The Federal Railroad Administration  
1120 Vermont Ave. N.W.  
Mail Stop 20  
Washington, D.C. 20590

Dear Mr. Valenstein:

1. I have written a previous letter supporting the DM&E and now with more information I want to add additional support for the DM&E Expansion.

A letter to the Editor from a Mr. David Hebrink to the Rochester Post Bulletin ([www.postbulletin.com](http://www.postbulletin.com)), Monday Oct. 9, 2006 has put into words my concerns and feelings. The DM&E loan to upgrade the railroad would be an asset to the whole nation and particularly Rochester whom - at least Mayo - seems to be opposition for traffic and safety reasons which could be solved with over and underpasses etc. As a quote from Mr. Hebrinks letter: "Anyone writing in opposition this loan application should be sure to include that they are willing to have the electric rates increase many times to pay for the increase of trucking cost for the coal required." Coal is currently being trucked from the Winona Port - high sulfur Eastern Coal - to the Rochester Power Plant, which incidentally barely meets emission standards and perhaps exceeds them at times. He continues: "While you are writing, also include that you are willing to have taxes increased for road repair and you accept the increased risk of highway accidents caused by car/truck driver mistakes. Why do we keep shooting ourselves in the foot? An improved rail line is good for the citizens of Rochester and the entire region. We need to stay competitive with the rest of the country and world."

In this past Wednesday Oct. 4, 2006 Rochester Post Bulletin, there was an article about "Making case for power line" on the Opinion page 11A, which highlighted the need for more electric power by the community of Rochester. Rochester Public Utilities and Southern Minnesota Municipal Power Agency desire to have the approval for a massive 23.6 million dollar transmission line project approved for Rochester and a total cost of 34 million dollars for the entire proposed project. In the article, a question is raised: "If access to more generation is an issue, why is accessing load through this proposed transmission line better than investing in a power plant? After all, accessing power at market rates seems more expensive than investing in generation."

In a Wall Street Journal article published July 24, 2006, C3 there was another interesting article entitled "Ethanol Makers Sing Coal's Praises" by Matthew Dalton. "Ethanol may be a fuel of the future, but many of its producers are turning to a tried and true energy source, coal, to power their plants." The article goes on to say that "Coal is cheaper than Natural gas" and that "A coal fired ethanol plant can also generate electricity that can be sold onto the grid, which increases the efficiency of both ethanol and electricity production". The article goes on to sight the example of the combined effort by Blue Flint Ethanol and Coal Creek Power Station owned by Great River Energy.

Our farmers in Minnesota want the DM&E and there are more Ethanol plants being proposed in addition to the current ones we have near the DM&E rail line right now. To combine these efficiencies of dual utilization of energy makes excellent sense. We need to save on costs, reduce air pollution by utilization newer power plants that utilize low sulfur Powder River Basin Coal, have newer technology which would reduced emissions, and increased electrical capacities.

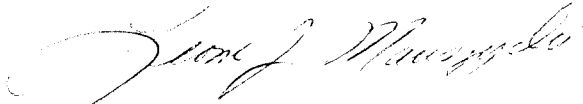
The loan would bring safety of transport for coal, farm commodities, and perhaps even a push pull passenger rail service from Winona (the Amtrak stop) to Rochester. This would enhance inter city

*Kevin J. Mawzyda*  
1671 Valley View Dr.  
Winona, MN 55987 →

passenger service and connect to the larger Midwest High Speed Rail initiative. This would help our University System in the State of Minnesota as well. I will not go into detail on this.

The final message is: We need the DM&E upgrade for the future of our nation and Minnesota.

Sincerely,

A handwritten signature in cursive script, appearing to read "Leone J. Mauszycki".

Leone J. Mauszycki

1671 Valley View Drive

Winona, MN 55987-6221

507-454-3800

P.S. This was sent by e-mial (Oct. 9, 2006) to your web-sight and came back today with a reply that stated it was deleted and not read! I expect that the government should be By the People, For the People and that our voices as citizens need to be heard!!! It is a disgrace to have public servants delete the voice of the people!

Mr. David Valenstein  
Environmental Program Manager  
Federal Railroad Administration  
1120 Vermont Avenue NW, Mail Stop 20  
Washington, DC 20590

Dear Mr. Valenstein,

My name is Jim Nichols and I live and farm near Lake Benton, Minnesota. I have been involved with production agriculture all of my life. I grew up on the family farm that was adjacent to the DM&E railroad that served our producers and the community businesses that served them.

I am a former Minnesota State Senator and served my district on the west edge of Minnesota. I am also the former Commissioner of Agriculture for the state of Minnesota from 1983 to 1991 serving under Governor Rudy Perpich.

As Commissioner of Agriculture, I championed the issues of concentration throughout Minnesota and the region. With only two major railroads serving the United States west of the Mississippi River, I have long advocated expansion of rail opportunities for our farmers in their efforts to find a more competitive rate to transport their commodities.

I support the Dakota, Minnesota & Eastern Railroad's efforts to rehabilitate and improve its track. I agree that the project would reduce transit times, bring more reliable service and improve safety. The new rail capacity would spur rural economic growth, encourage ethanol and other bio-fuel production, and lower energy costs.

As a former County Commissioner from Lincoln County, Minnesota, I have met frequently with officials from the DM&E railroad. I always found the representatives of the railroad to be very open to ideas to improve rail safety and to providing important transportation services to our communities.

This project would offer a big boost for farms and the rural economies that depend on the DM&E. An upgraded railroad will mean more frequent and consistent transportation to get our crops to market. According to the US Department of Agriculture, agricultural producers will realize up to an additional \$.20 per bushel on the value of corn and other grains. The DM&E anticipates a 50% growth in grain haulage, leading to \$60 million in economic growth for producers and the rural communities in which they live.

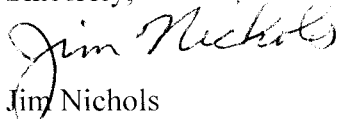
As a legislator and commissioner of agriculture that helped put in place the first incentives for the production of ethanol, I see huge benefits to our growing value-added industries, including ethanol and biofuels production. Six ethanol plants already operate along DM&E's lines; two more are under construction, and another ten are in the works. When these plants are up and running they will produce a total of 1 billion gallons of

ethanol. Getting that ethanol to the gas pumps would add 133,000 trucks to the roadways. DM&E has a better solution.

For several decades, the amount of rail service in rural America has reduced dramatically. As I mentioned earlier in my letter, reduced track miles have meant reduced rail competition—holding farmers and other shippers captive to a few big players. The DM&E offers a step in the right direction – which explains why its plan enjoys such broad support among farmers and rural communities in general.

After the appropriate due diligence by the Federal Railroad Administration, it is my hope that you can move swiftly for approval of the DM&E's loan request. This project has been on hold long enough and we need to move on with rebuilding the tracks and rebuilding our rural economy.

Sincerely,

A handwritten signature in black ink that reads "Jim Nichols". The signature is written in a cursive, flowing style.

Jim Nichols  
Former Minnesota Commissioner of Agriculture

Cc: Minnesota Congressional Delegation

Dear Mr. Valenstein,

What is it going to take to get this issue with the DM&E Railroad expansion project done and over with? It just makes to much sense not to do! Here is a short outline of the major reasons that this project needs to get underway ASAP!

1. It is a loan that will be repaid.
  - A. They are not looking for a handout or welfare.
  - B. They are an economically viable company who is looking for help financing one of the largest undertakings in the history of the Midwest.
2. This will provide the means for an economic boom to all areas that it runs through.
  - A. It will be good not only for the railroad, but it will spur other economic development just as the railroads did when they were first built.
  - B. It will help the farmers get their grain to the market with a higher profit margin.
  - C. It will enhance the development of ethanol and biodiesel which in turn will lower our dependence on foreign oil.
3. The safety of the railroad and for the surrounding communities will increase by leaps and bounds.
  - A. By building brand new road beds with all new track and ties, replacing track that is up to 100 years old will help solve a major problem with derailments.
  - B. Replacing 1950's - 1970's locomotives with new locomotives will solve another major hurdle with derailments.
  - C. Building a new roundhouse, replacing the one in Huron, SD that was constructed in the 1800's, will increase the safety of the staff.
  - D. Issues concerning human error will be corrected when the best railroaders in the nation start to beat down the doors trying to be a part of this epic moment in railroad history.
4. The coal from the Powder River Basin (PRB) is a high Quality coal.



- A. The railroads now serving the PRB cannot keep up with demand.
- B. With the more stringent environmental requirements being placed on power generation plants the low sulfur coal from this area is going to have an ever increasing demand.
- D. The Big Stone, SD power plant could not run at full capacity during this past winter due to the fact that its coal requirements were not being met.

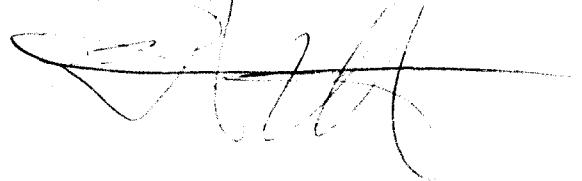
5. From a transportation stand point, railroads make the most sense.

- A. Trains haul a much larger load than a semi with much less fuel consumption, which lowers our dependence on foreign oil.
- B. Getting semi trucks off the road will greatly reduce the maintenance required for the roads that the taxpayers have to pay for.
- C. Getting semi trucks off the road will reduce the number of traffic accidents, injuries, and deaths from collisions with the trucks.

Thank you very much for taking the time to read my letter and consider the facts on this very important issue. Hopefully there will be no more delays and we will be on our way to a brighter future very soon!

Sincerely,

Rick Niles  
404 N. 6<sup>th</sup> Ave.  
Woonsocket, SD 57385

A handwritten signature in black ink, appearing to be 'Rick Niles', written over the typed name and address.

The David V. Bonstein

Federal Railroad Administration  
Washington D.C.

Let's stop this damn messing around with B.M. & E. Railroad.  
and get the railroad going.

why do we let a handful of people using gas cars that will  
benefit thousands of people. the railroad will make energy  
cheaper for the families in the East.

with the going up of gas and fuel ~~oil~~ so high and the  
high price of electricity and the cost of living not keeping  
up

why do we let a handful of people stop gas cars on the railroad  
like the environmental study that cost more to a damn that  
cost millions of dollars and the money that the mayor came to spend  
in working to stop the railroad. that money they should use that  
money to buy land around Rochester for the railroad if that is  
what they want and give it to the railroad.  
ever day it cost more money to build something O.K. if "railroad"

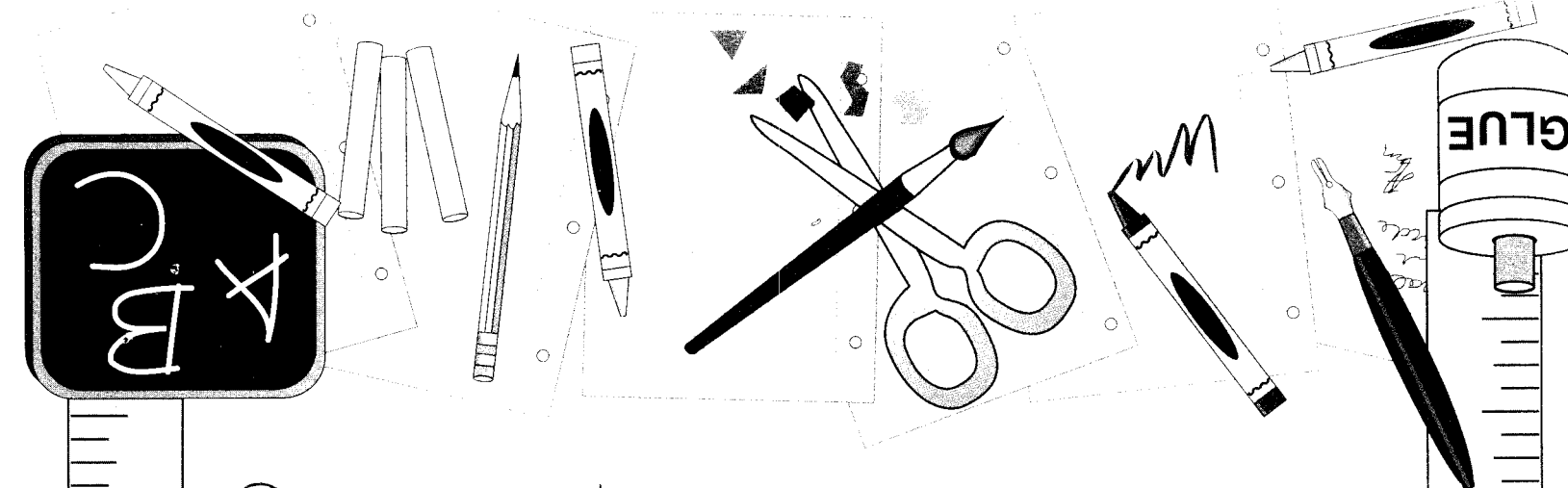
the mayor of Rochester called it to dangerous for  
that many train running because it dangerous for their employees  
and patients. are the train going through the clinic.

I would let the hospital tell more people by accidents than  
the train do. If they B.M. & E. more 30 train a day it would  
take 6 or 7 thousand or more trucks to haul that much coal to the  
East from Wyoming. Can you see 6 or 7 thousand truck on highway 7 day  
a week. if we are in a global warming as the environmental say we  
won't need coal. But in China we are in heater & one out of the year we  
shut off all heater. 1 day and start B.C. the next day start heater for about  
4 me off and on then we shut off the B.C. for about 1 day and start the  
heater the next day for about 3 me the environmental were scared of  
heating that our government will shut with but will give them money

David V. Bonstein  
301 Wigglesworth  
Williamstown

Phone 507-959-2700

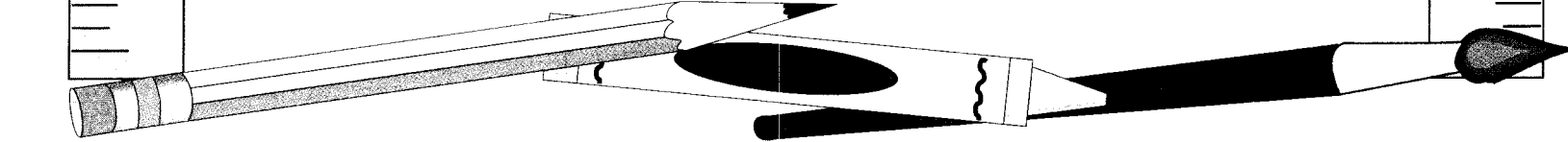
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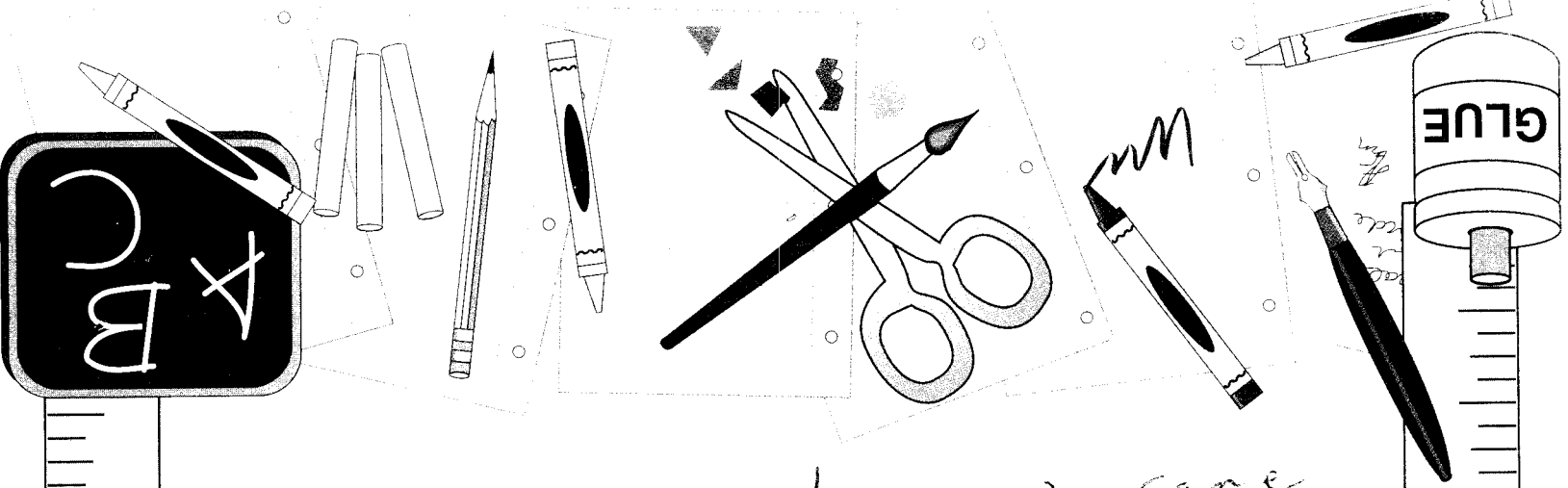


Dear Mr. Valensten,

I am writing in regard to the loan application for DME. By granting this loan it will benefit the people of our state and that of Minnesota. Being a rural state, the impact will greatly enhance our rural economy. Even though the basis behind the loan is the shipment of coal from Wyoming to eastern states.

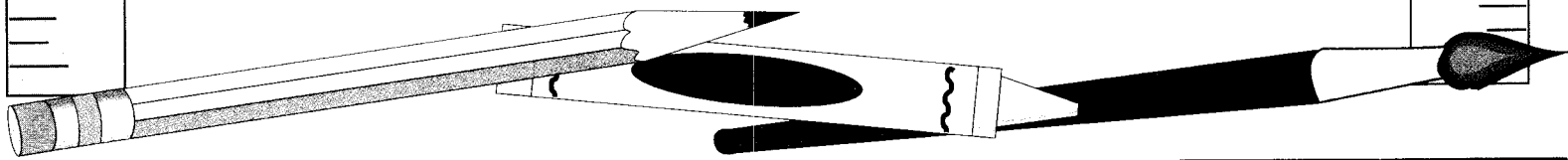
The Mayo Clinic and citizens of Rochester are in opposition to this project because of the closeness to the tracks from the hospital. What I understand is that the tracks are a half mile to a mile away from their property.

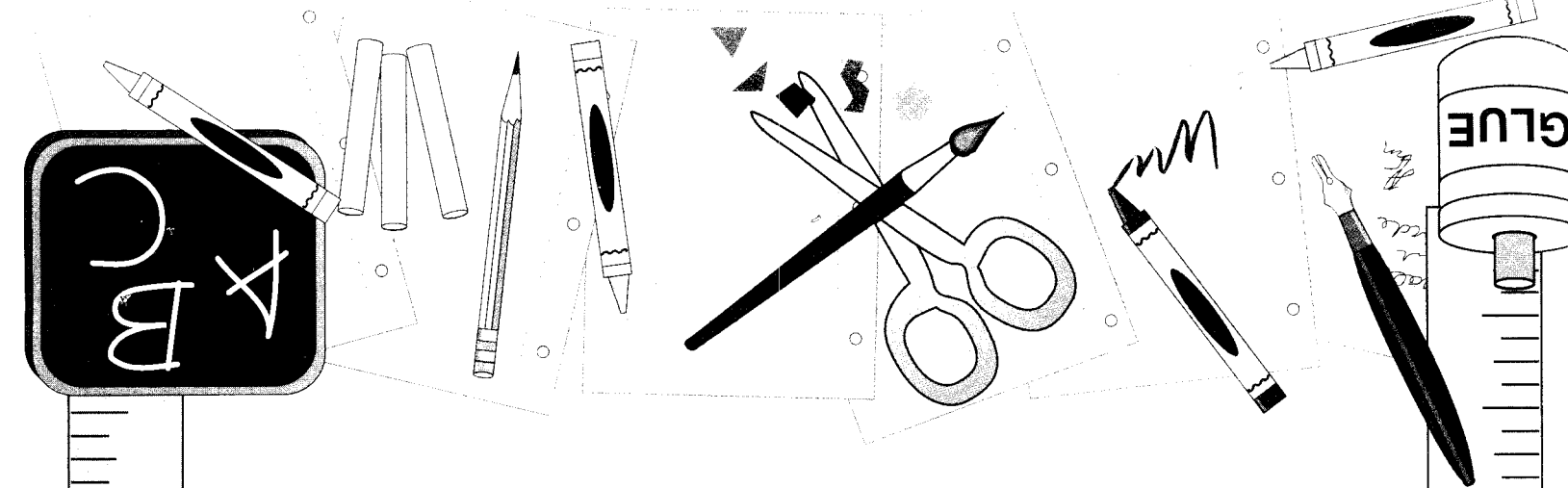




I have lived in the same house for 63 yrs. My property is three blocks from the tracks. Which I consider quite a distance when I look down the street. Not only that, the maintenance area for the engines is six blocks away. Over these 63 years there has never been a problem with the noise or the movement of the trains during a 24 hr. day.

The impact of this program will be a shot in the arm for our community. It will provide nearly 500 jobs, which is needed in our city. In the early 60's we





were ranked "4th" in population

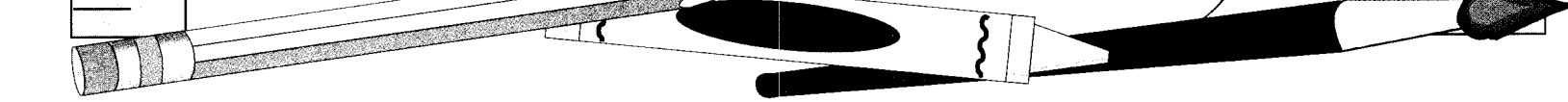
Since that time we have had a declining population. A major reason for this decline was the interstate highway. Those communities along the interstate have continued to grow.

Hopefully, by granting this loan to the DMTE it will bring prosperity to our community.

Please take time in considering this loan. Look at all the factors and decide who has the most to gain.

Thank you for your time,

Sincerely,  
Dennis Bennett



October 5, 2006

Mr. David Valenstein  
Federal Railroad Administration  
1120 Vermont Avenue, NW  
Mail Stop 20  
Washington, DC 20590

Dear Mr. Valenstein:

I am writing to encourage the Federal Railroad Administration to approve the loan requested by the Dakota, Minnesota, and Eastern Railroad to allow it to complete the Powder River Basin project.

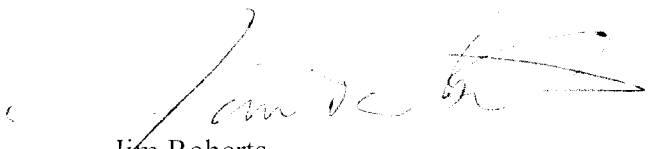
Upgrading our rail lines in this mostly rural state will pay great benefits to the economic well being not only of South Dakota but other Midwestern states as well. The ability to quickly move our products and crops to markets will translate into better on farm revenue and spur economic development all along the line. I am very interested in ethanol development and frankly it is time our nation started to move away from midcast oil and actively pursued alternative energy forms. This rail line will be instrumental in ensuring the success of the many current and planned ethanol plants in the upper Midwest. We have the ability to be producing large quantities of ethanol and distillers grain by products within a year or two. We need this rail line to move the products to the marketplace efficiently and in an economically viable way.

Certainly our citizens across the county would benefit from cheaper coal. I understand the current track situation in the Powder River Basin is such that without new track it is not possible to significantly increase the tons of coal being shipped to power plants in the east. We must find a way to stop being hostage to middle east oil! This project can be an integral part in our energy independence.

I am disturbed by the fact that just one community can't reach accommodation with the DM&E. I don't understand all the issues between the City of Rochester and the railroad but I am confident a compromise can be found. We can't afford to let this project fail because one (albeit a very influential) community is opposed to it. Every other community along the line has been able to reach agreement with DM&E.. why can't Rochester?

I strongly urge you to approve the loan application and let the DM&E get started building this project. The benefits will be enormous and will be felt for years and years to come. We owe it to the next generation to enhance the economic viability of not only South Dakota but the entire upper Midwest. Thank you for your consideration.

Sincerely,



Jim Roberts  
908 So Riverward Dr.  
Sioux Falls, SD 57106



Rose Ronnenberg  
Box 279  
217 Byron Avenue North  
Byron, MN 55920-1258

David Valenstein  
Environmental Mgr. F.R.A.  
Washington D.C.

Ma Valenstein,

I have lived in Byron since June 1952, next to the DME Railroad tracks for 51 years, same house. We bought the lot, No. of our property from the railroad.

To day, I have seen and heard the DME railroad over the years perform safely is putting it mildly. Most of these years on Byron Ave., it was the main street in and out of Byron until recently. I have seen only one (1) car, train accident on my street and crossing.

Remember when the mail was brought in and out of Byron by the Railroad, when we still had a depot. When I used to hang my clothes outside to dry, I never had a problem with smoke or soot.

I collect plates and cups, some of them have been hanging on the same wall without falling off for almost 50 yrs.

I don't recall the train holding up traffic on this street in the past or



present. The semi's going to the elevator, lumber yard, store and etc. restrict traffic more than the railroad. What are these semi's carrying? On an average day there is 8-10 semi trucks in and out of Byron on this street. And not farm trucks.

The traffic on highway 14 is very heavy. How long is the concrete highway going to last at this rate?

How is Rochester going to get their coal into the city?

We need the railroad to transport materials for both the cities and the farmers.

We need to keep the DME railroad going.

Sincerely  
Rose Kohnenborg

401 6<sup>th</sup> Avenue NW  
PO Box 122  
Dodge Center, MN 55927  
October 8, 2006

David Valenstein, environmental program manager  
Federal Railroad Administration  
1120 Vermont Avenue NW  
Mail Stop 20  
Washington, DC 20590

Dear Mr. Valenstein:

I am writing to voice my strong support for the Dakota, Minnesota, and Eastern expansion and upgrade for the following reasons:

- 1) It is needed to get coal to power generating plants, keeping electrical power at a level to meet modern day demands and helping keep electricity rates reasonable.
- 2) It is needed for increased safety along the DM&E tracks.
- 3) It will be helpful for the economy.
- 4) DM&E has gone out of its way to attempt to mitigate this project to the communities along its right of way.
- 5) The lies and the misleading statements coming out of Rochester, MN are not to be heeded.

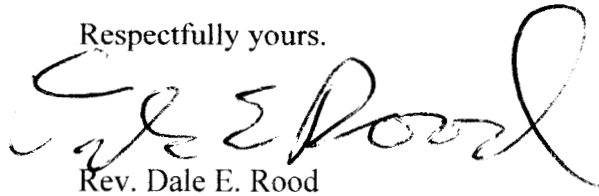
Permit me to comment further on this last statement. Rochester, MN and Mayo Clinic in particular have stated their fear of a catastrophe should there be a hazardous waste spill from a derailment near their facility in Rochester, MN. I have difficulty understanding this as their larger hospital is 1/3 mile from the tracks at the nearest point, and in the unlikely event of a hazardous spill, this would almost certainly be outside the perimeter of a danger zone. Their other hospital is closer but still about ¼ mile away. To be honest, if they were consistent, they would ask that trucks hauling hazardous waste be banned from highways and roads running near their facility, including from US Highway 52, a major traffic artery running through Rochester two blocks from their larger hospital facility. The other fears I have heard voiced verge on paranoia which insults my sensibilities as someone who has long had an interest in the railroads. It is difficult for me to perceive this any other way than a vendetta against railroads in general to the effect that Rochester is "too good" for the railroad. This snobbishness I find offensive.

I will have to say that in part I agree with the Rochester Coalition in how the legislation was put in place for this loan. I have problems with legislators placing unrelated riders on bills to get their pet projects passed through Congress, which is apparently the case here. The solution to this however is not to kill a good project but rather to adopt a line item veto which would allow the president to root out such riders.

The size of the loan makes me wonder, but I am impressed at the amount of private financing that is being arranged to go along with it. Apparently somebody believes in this project. However Rochester and Mayo Clinic by their unbalanced and misleading information have precluded themselves from any objectivity with regard to this loan. For instance, they have stated the total value of the DM&E Railroad as it now stands is \$115,000,000. Anybody with any knowledge of this railroad and railroading in general would see that this figure is so understated as to be slanderous.

I would ask you to expedite any decision making that needs to be done on this in order to finalize the process and allow the DM&E to know what it has to work with and begin to proceed on this project. It is a good project.

Respectfully yours.

A handwritten signature in cursive script, appearing to read "Dale E. Rood". The signature is fluid and stylized, with a large loop at the end of the last name.

Rev. Dale E. Rood

David Valenstein, Environmental  
Program Manager; 1120 Vermont  
Avenue, NW.; Mail Stop 20;  
Washington, DC 20590

Dear Mr. Valenstein:

I would like to encourage the Federal Railroad Administration to act soon to approve the Dakota, Minnesota & Eastern Railroad's expansion and upgrade. The loan the DM&E has requested for the project will be money well spent.

If the plan is approved, DM&E will be replacing its current track with newer, continuous welded rail, adding state-of-art signaling and other safety technologies. For the communities along the line, that means safer and quieter tracks. It also means greater efficiencies and fewer delays not just for the trains, but for motorists because of reduced congestion on the highway caused by truck traffic and at intersections where crossing times will decrease.

In addition to the safety benefits, consumers will realize it in the prices they pay for goods. More reliable rail service will give a cost-efficient, reliable alternative to manufacturers shipping goods by trucks.

DM&E has also agreed to 147 environmental concessions to ensure that the expansion's impacts are properly mitigated. And, the railroad has offered assistance to landowners with any track-related issues. It isn't surprising that 55 out of 56 communities and a majority of landowners have reached agreements with DM&E.

Until the Federal Railroad Administration approves the DM&E loan application, communities along the railroad will have to live with 80-year-old tracks. Loan approval will mean improved safety, jobs, economic growth and lower energy bills for the communities that neighbor the DM&E lines.

I hope the FRA finds the choice as clear as I do and approves the loan without delay.

Best Wishes,

cc: US Senator Tim Johnson  
US Senator John Thune  
Congresswoman Stephanie Herseth  
Governor Mike Rounds

*Tim Johnson Highway repair costs are escalating  
by the thousands of millions  
- need to use more railway transportation -*

*Dieter Schmitt*



# THE DM&E RAILROAD UPGRADE: IT MAKES SENSE!

Dakota, Minnesota & Eastern Railroad's track upgrade is entering the final stages of its federal approval process. Benefits of the upgrade project are great for local, regional & national needs. It's time to urge the Federal Railroad Administration to approve the loan to make the upgrade a reality!

## ***It's About Jobs***

The DM&E upgrade will create 10,000 jobs and stimulate rural economic development across the region.

- **“Approval of the DM&E rail loan request will provide competitively priced rail service that, in turn, will allow our economy to continue to grow and prosper.”** *Statement of Tim Thompson of Freeborn-Mower Cooperative Services, at federal hearing on Aug. 25, 2006.*

## ***It's About Helping Farmers***

The upgrade could add up to 20 cents per bushel to the price of corn and other grains, according to the U.S. Department of Agriculture.

- **“USDA supports rehabilitation of DM&E because it will enhance the ability of agriculture producers in the Midwest to move their products more efficiently and at lower costs.”** *Official USDA filing to the Federal Railroad Administration.*

The route expansion will provide better service to ethanol plants and farmers.

- **“We need DM&E for ethanol. The benefits of this rail investment go well beyond the borders in helping deliver ethanol from the processing plants here to the gas pumps in cities.”** *Reid Jensen, president of the South Dakota Corn Growers Association.*

Dear Sir,

I am in total agreement in having the DM+E railroad go through Rochester, Minnesota. The farmers, rural families and others who approve, cannot afford to fight the Mayo Clinic or the city of Rochester (which is using taxpayers money) and need you to fight for them.

I am tired of the scare tactics being used in our local newspaper, such as pictures of train derailments, how the noise from all the trains would negatively affect our quality of life and the Mayo patients and their sensitive machines, how people could die if an ambulance had to wait for the trains, how the railroad can't afford 25 billion and how these are foolish people are putting in their yards. Don't let them bully you enough is enough!

Cindy Sullivan

P.S. sorry about the lovely stationary :-

October 7, 2006

To: David Valenstein/FRA

I'm writing this letter to the FRA as a supporter of DME's Expansion Project ~~to~~ whose main focus is the construction and operation of a new railroad line into Wyoming's Powder River Basin. I'm also in favor of the FRA loaning DME \$2.5 billion dollars to help finance the project. Obviously \$2.5 billion dollars is a tremendous amount of money for any Federal Government agency to loan out to any private company or business. In this case I think it's worth loaning DME \$2.5 billion dollars because I feel it's a worthy investment. In the body of this letter, I will explain the reasoning why I feel DME's Expansion Project is a worthy investment. I will ~~also~~ explain why I disagree with all of the Rochester Institute arguments against DME's Expansion Project and against DME receiving the \$2.5 billion dollar FRA loan.

My first reason for favoring DME's Expansion Project and for DME receiving the \$2.5 billion dollar FRA loan is that DME should be able to provide coal production that ship coal from Wyoming's Powder River Basin excellent quality service at reasonable rates. I encourage the decision maker with the FRA to read an article on the following website: [www.pwrbc.org](http://www.pwrbc.org). I would also like to refer the decision maker to the FRA to a March 13, 2006 article in the Wall Street Journal ~~and~~ archives. This article describes in detail the poor quality service and ~~unnecessary~~ unnecessarily high rates many coal production facilities are receiving. I'm convinced more than 50% of coal production facilities fall into the category I've just described. Ultimately, I recommend the FRA take a survey of coal ~~production~~ production facilities throughout the coal and gas rich states of the United States to find out the situation first ~~hand~~ hand coal production facilities ship coal from the Powder River Basin describe to have another option to choose from. Helping DME finance its proposed line into Wyoming's ~~Powder~~ Powder River Basin coal fields would be a major remedy for these problems.

2  
Caterpillar, 2000

The second reason for supporting the \$2.5 billion financing for DME's proposed expansion is that it would be a long-term solution and investment in the transportation infrastructure of the Upper Midwest. This would not only help coal shippers, but shippers of grain, other agricultural related products, and manufactured products. I'm convinced that events in the national industry over the past 20 years have shown that too much critical infrastructure has been abandoned or ~~has been~~ <sup>is</sup> second-hand. I believe that both BNSF and P&W having serious difficulty keeping up with the present demand for Bunkie River, Bessie coal. Once again, helping finance DME's proposed expansion would go a long way towards bringing a unity for the lack of quality railroad infrastructure.

The third reason for supporting DME's proposed expansion is the potential large number of new jobs. According to DME's internal application letter to SBA in February 1975, roughly 30 jobs are expected to be created in Wyoming, 400 jobs to be created in South Dakota, and 80 jobs to be created in Minnesota. Because I feel certain DME's proposed expansion would be a tremendous success if approved, I expect the job creation to be even higher than these figures. In addition to the railroad jobs, ~~there will be~~ a large number of supporting contractor jobs should be created. I will explain my thoughts about large scale job creation later in this letter.

The fourth reason I support DME's proposed expansion is because of the enormous expansion of the tax base it would create for the Federal Government, the State Govts of Wyoming, South Dakota and Minnesota. The statistics I recall reading from DME's internal application to the STB, were estimated annual taxes to the three state govts of \$4.5-\$5 million up to! The estimate was for the refined gasoline. Granted, these figures are estimates and projections. However, it should be logical there would be a large scale expansion of the tax base with a project of the magnitude DME is proposing.





October 7, 1986

Ultimately, all communities along DME's existing mainline will be spared with the proposed upgrades. Grade crossing safety will also be enhanced. I encourage the FDOT to draw upon its own experience and expertise in the past, present, and future aspects of DME's safety record.

3. Large numbers of coal trains will cause harmful vibrations to sensitive medical equipment used by the Mingo ~~Hill~~ Clinic. I recall during the STB's own visit that during the DETS (Duff Environmental Impact Statement) they contacted the manufacturer of the sensitive medical equipment used by the Mingo Clinic. The STB specifically asked about large numbers of trains going by such facilities on a regular basis that use such sensitive equipment. The manufacturer's reply to the STB was that large numbers of trains would not adversely impact the usage and operation of such equipment. ~~It is six years~~ I have no

4. The disruption caused by too much noise generated by more trains. My representative claims that freight should be the highest quality standard, should safely minimize the kind and amount of noise generated by even the heaviest and largest trains. The implementation of whistle free zones and sound proofing should go along a way to minimize noise caused by an increased number of trains. I feel that DME has gone above and beyond what is required to resolve this issue.

5. Questioning DME's integrity especially DME President Kevin Schaffer and U.S. Senator John Thune (R-SD). Although I've never met Kevin Schaffer in person, talked with him over the phone or corresponded with him via e-mail, I feel his public actions speak favorably for him. I'm convinced Mr. Schaffer in long term years is a capable and influence his kind words ability to better serve its present and future Shippers. I'm convinced Mr. Schaffer's major goals are to keep the foundation for long term prosperity for DME. Mr. Schaffer is working a serious effort to provide a healthy atmosphere and job stability for all of DME's employees.

October 7, 2006

Mr. Senator Thune's intentions in regards to making changes and modifications to the ICS Transportation Bill were to give regional and shortline railroads such as OME the opportunity for long term improvements for their track and rolling stock. Senator Thune was also trying to improve the transportation infrastructure for the Upper Midwest, especially South Dakota. However, this effort to improve the railroad system would impact all of the central and eastern third of the United States. This area is where most of the nation's coal ~~power~~ fired power plants are located.

Both Mann Schaffer and Senator Thune are trying to bring about three things I mentioned earlier in this letter - large scale creation of good paying jobs, large scale expansion of the tax base, and large scale economic development, especially under situated manufacturing plants. In many ways, I am sure I think Mr. Schaffer and Senator Thune are going out of their way to antagonize the City of Rochester, Monroe Clinic, and Chittenden County, NH.

In my judgment, to the Rochester Coalition's integrity that I think should be questioned. Here are some examples:

1. The study done by Rochester/Monroe funded consultant ~~B~~ Bearing Point. I am sure that EPA knows that OME is a privately held company and that its books are closed to the public. Therefore, I don't see how Bearing Point has any way of verifying how accurate its figures and calculations on OME's financial status are. Bearing Point's conclusions on OME's financial status are educated guesses at best. The objectivity of the Bearing Point study has to be called into question. Obviously, the Rochester Coalition would not sponsor a study that contradicted what it wants to believe!

~~Letter~~  
October 7, 2006

2. A September 14th article on the www.dmetraintnc.com website. Before I write any further, I looked over and compared facts, ~~statements~~ statements, statistics, and data listed on www.dmetraintnc.com, www.protectrochesternc.com, and www.getrochesternc.com websites. The September 14th article claims part of the decision about DME's FRA Sign application will be based on a faulty ~~and~~ environmental impact statement. If I were the FRA and SFB, I would confront the Rochester Coalition about the allegation. In my judgement, this is a serious charge against the credibility of both the FRA and SFB.

3. Between April and July of this year, the Mayo Clinic employed Bill Dunkley, a married father as a consultant. I would like to see the Mayo Clinic justify this to the public of Minnesota and South Dakota. I feel I can almost guarantee the FRA, that if DME hired a ~~consultant~~ consultant, one consistent in Rochester Coalition would go out of their way to ~~publicize~~ publicize and broadcast it.

4. I can't prove this, but I can't help but wonder if the Rochester Coalition has manipulated some of the statistics and data on their website to make their side look more favorable.

My conclusion is that the benefits of DME's proposed Expansion Project are overwhelming. The pros outweigh the cons. I started DME's proposed Expansion Project with the 10% pleading to 100% of the people impacted by it. DME's project is justified by the benefits of well serving, and the potential long term savings to the highest standard of the transportation infrastructure of the Upper Midwest, creation of an immense number of good paying jobs, an immense expansion of the tax base, especially for the states of Wyoming, Minnesota, and South Dakota, and long term large scale economic development and prosperity for the three states just mentioned. One of the main reasons DME's proposed line into Wyoming's Powder River Basin is too compelling for it not to be built.

October 27, 2006

I'm hoping the FRA decides to loan the DME the \$2.5 billion dollars. I ~~also~~ also hope the FRA thoroughly and meticulously weighs out the evidence concerning DME's Expansion Project. I trust the FRA will draw upon its knowledge and experience when dealing on whether to approve DME's loan ~~application~~ application. The impacts and benefits of DME's proposal go far beyond the Upper Midwest and could greatly help the nation's energy needs. One final request: Would the FRA please publish the number of both pros and anti DME letters it received when the evaluation process for DME's loan application is finished.

Sincerely,

Patrick C. ~~Finn~~ Vana

Dear Mr. Valenstein,

I'm writing in regard to the DM&E rail expansion. As a citizen of S. Dak. and more importantly an employee of the DM&E. I feel this project is very important to the progress of our nation. It not only benefits the farmers, producers and other industries that use the rail system by getting their products shipped on a safer, faster rail system. It would also help in delivering low sulfur coal to a nation that is very dependant and in need of this product for energy consumption. It would put less stress on 2 major railroads that already haul the coal out of Wyoming. The demand is so high they can't keep up.

This project would also help DM&E improve and create a rail system to benefit the whole nation, not only the employees of the DM&E. By giving them a safer and more modern railroad to work on.

As for the Mayo Clinic, did  
DM&E ever tell them that they  
couldn't use a product that would  
give someone better quality of life.  
No we have not. That is exactly  
what they are doing, trying to put  
a hold on quality of life and progress  
that would benefit and impact a  
whole nation.

This world was built on progress  
if not we would still be stuck in  
a cave rubbing two stones together  
for fire.

Sincerely,

Lori Weber

Lori Weber

779 Lawnridge Ave SE

Huron, SD 57350